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the banks other than that now carried on from within, and a certain sympathy expressed for the "savings" depositor who gets, the country over, but three per cent on moneys entrusted to the banks.

R. M. BRECKENRIDGE.

*Mexikos Übergang zur Goldwährung. Ein Beitrag zur Geschichte des Mexikanischen Geldwesens (1867-1906).* By WERNER HEGEMANN. (Stuttgart und Berlin: J. G. Cotta'sche Buchhandlung Nachfolger. 1908. Pp. xii, 189. 4.50 m.)

This monograph by Dr. Hegemann is one of the Munich Economic Studies and was prepared in the Seminar of Professors Brentano and Lotz. It is a scholarly narrative of the monetary history of Mexico for the forty years ending with the recent establishment of the gold standard.

To the student of monetary problems the experience of Mexico is of particular interest, because Mexico has been for centuries the greatest silver producing country of the world<sup>1</sup> and because few, if any, coins have played as important a rôle in the world's monetary history as the Mexican dollar and its predecessor, the Spanish milled dollar (coined when Mexico was a Spanish colony). Added interest is given to the subject for Americans because of the close proximity of Mexico to the United States, of the important part which accounts of the silver standard in Mexico played in the recent bimetallic controversies in this country, and of the enormous investment of American capital in Mexican enterprises. All of these topics are discussed in Dr. Hegemann's monograph. Chapter II (pp. 19-44) gives an interesting sketch of the history of the Mexican dollar and its predecessors; chapter III a comprehensive account of silver mining in Mexico, including a discussion of the relations of the state to the industry, of the technical progress of the industry, and of the movement of commodity prices and of wages during the period of the great depreciation in the gold value of silver. Next follows a discussion of the investment of foreign capital in Mexico, its ups and downs, the evils of a fluctuating par of exchange with gold standard countries, the burdens imposed upon foreign capital, particularly that invested in railroads, by the fall in the gold price of silver, and the like burdens imposed upon the government treasury

<sup>1</sup>The production of silver in the United States in a few recent years exceeded that of Mexico.

through the necessity of meeting the interest charges on a large gold debt out of an income derived from taxes paid in silver standard dollars.

Less than a third of the book is devoted to what the title suggests as the central theme, namely, the establishment of the gold standard. The author's treatment of this subject is good. He outlines the events leading to the Currency Commission's recommendations of 1903, recommendations which were substantially embodied in the decree of March 25, 1905, issued under authority of the enabling act of December 9, 1904,<sup>2</sup> and which called for the closing of the mints to the free coinage of silver (for circulation in Mexico), for the raising of the value of the dollar by "relative contraction" of the currency to the value of 75 centigrams of pure gold (namely, 49.8 cents of United States money), and for the ultimate maintenance of a fixed par with gold by means of the gold exchange standard.

The manner in which the great rise in the gold value of silver, beginning in the fall of 1904, carried the old Mexican dollars to a bullion value substantially above the gold par and led to their exportation in return for large imports of gold, is a most interesting chapter in monetary history. Such a contingency was suggested as a possibility in the admirable report of the Currency Commission of 1903 but the outcome for Mexico was even more favorable than the most optimistic had dared to hope for. Mexico disposed of her dollars at a high price and then silver again declined. The transition to a gold standard was effected with little disturbance to business. The vexed problem of a gold reserve was automatically solved, and Mexico unexpectedly found herself in possession of a very substantial gold reserve, with considerable sums of gold coin in circulation. The need for silver coins was met by the new subsidiary coins, which, being slightly lighter in weight and containing much more alloy than the Mexican dollar were not exported when silver rose beyond the bullion point of the dollar.

Dr. Hegemann's monograph is more in the nature of a narrative than of a criticism, and he is careful to give a fair statement of both sides of most controversial questions. He is in general sympathy with the plan followed by the government in the recent reform, and the criticisms he makes are very guarded and of little

<sup>2</sup> Cf. *Leyes y Disposiciones relativas a la Reforma Monetaria*. (Mexican Government Publication), pp. 39 ff.

importance. His comparisons of the situation in Mexico with that in other countries, such as the Philippines and the Straits Settlements, countries which were simultaneously carrying on currency reforms, would have been more helpful had he used some of the later material with reference to the currency reforms of these countries which was available at the time his monograph was written. There is a bibliography of two and a half pages but no index, although the character of the book is such as to make an index highly desirable.

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*Die geschichtliche Entwicklung des Zinsfußes in Deutschland von 1895 bis 1908.* By DR. HERMAN ALBERT. (Leipzig: Duncker and Humblot. 1910. Pp. xii, 211, diagrams and tables.)

Dr. Albert's attractive, painstaking, and well organized history of the interest rate in Germany was awarded the first prize at the University of Strassburg in 1909; it appears now in an enlarged form. In the theoretical exposition of the interest rate, the subject of the first part of his book, the author sets forth many fundamental yet elementary matters, closing with the conclusion that the interest rate of a country depends upon the rate of profits, international interest rates, and the elasticity of the country's currency—this elasticity depending upon the development of its discount and check business and upon the character of its bank-note system.

The main part of the study begins with an admirable outline of the fall in the German interest rate from 1815 to 1895, the following important factors in the movement being noted: the Napoleonic wars, the popular disturbances of 1845-71, the application of steam to industry and transportation, the Franco-Prussian war, the unity of the Zollverein (promoting uniformity in the interest rate, as to place), and the railroad development of the period. Dr. Albert makes special mention of the period 1871-1895, giving figures showing the decline in the interest rate in that period in England, France, America, Russia, and Germany. He mentions as causes of this general decline the payment of the French war debt, the payment and refunding of foreign debts notably the American, the return of peace, the panic of 1873 and its consequences, and a decreased need of capital for railroad building. An American at least is impressed with the fact that